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CITY OF CULVER CITY
City of Culver City, California

Single Audit Report on
Federal Awards

Year ended June 30, 2009

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CITY OF CULVER CITY
Single Audit Report on Federal Awards
Year ended June 30, 2009

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Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200

Irvine, California 92612

949-474-2020 ph

949-263-5520 fx

www.mhm-pc.com

City Council

City of Culver City, California

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Culver City, California, as of and for the year ended June 30, 2009, which collectively comprise the City of Culver City's basic financial statements and have issued our report thereon dated November 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Culver City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Culver City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Culver City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Culver City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted other matters involving internal control over financial reporting which we have communicated to management in a separate letter dated November 13, 2009.

This report is intended solely for the information and use of the City Council and management of the City of Culver City and is not intended to be and should not be used by anyone other than these specified parties.

Meuser Hoffman McClann P.C.

Irvine, California
November 13, 2009



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City Council

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the City of Culver City, California, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Culver City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City of Culver City's management. Our responsibility is to express an opinion on the City of Culver City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Culver City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Culver City's compliance with those requirements.

In our opinion, the City of Culver City, California complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Culver City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Culver City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Culver City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Culver City as of and for the year ended June 30, 2009, and have issued our report thereon dated November 13, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Culver City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the City Council, management of the City of Culver City, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman Melann P.C.

Irvine, California
November 13, 2009

CITY OF CULVER CITY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Domestic Assistance Number	Program Identification Number	Program Expenditures
<u>Corporation for National and Community Service</u>			
Direct assistance:			
Retired and Senior Volunteer Program	94.002	06SRPCA014	\$ 34,767
Subtotal - Corporation for National and Community Service			34,767
<u>U.S. Department of Agriculture</u>			
Passed through the Los Angeles County Department of Community and Senior Citizens' Services:			
Nutrition Program for the Elderly	10.570	58247	20,208
Subtotal - U.S. Department of Agriculture			20,208
<u>U.S. Department of Health and Human Services</u>			
Passed through the Los Angeles County Department of Community and Senior Citizens' Services -			
Special Programs for the Aging:			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	58247	906
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	58247	163,599
Subtotal - U.S. Department of Health and Human Services			164,505
<u>U.S. Department of Justice</u>			
Direct assistance:			
Bulletproof Vest Partnership Program	16.607	2004BUBX04022255	7,187
Asset Seizure Program	16.000	CA0191800	151,758
Edward Byrne Justice Assistance Grant	16.000	Div425	24,605
Subtotal - U.S. Department of Justice			183,550
<u>U.S. Department of Homeland Security</u>			
Direct assistance:			
2006 Urban Area Security Initiative Grant	97.008	C-114938	101,311
Passed through the State of California Governor's Office of Emergency Services:			
Disaster Grants - Public Assistance Grant Program	97.036	FEMA-1577-DR-CA	652,976 *
Subtotal - U.S. Department of Homeland Security			754,287

CITY OF CULVER CITY

Schedule of Expenditures of Federal Awards

(Continued)

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Domestic Assistance Number	Program Identification Number	Program Expenditures
<u>U.S. Department of Transportation</u>			
Direct assistance:			
Federal Transit Capital and Operating Assistance Formula Grants:	20.507	CA-90-X042-00	2,500,000
	20.507	CA-90-0083-00	292,959
	20.507	CA-04-0083-00	1,803,041
	20.507	CA-90-Y255-00	6,467
	20.507	CA-90-Y553-00	129,319
	20.507	CA-90-Y642-00	738,016
Subtotal - U.S. Department of Transportation			<u>5,469,802</u> *
<u>U.S. Department of Housing and Urban Development</u>			
Direct assistance:			
Section 8 Housing Choice Vouchers Passed through the Community Development Commission of Los Angeles County:	14.871	CA110VOOF06	1,691,406
Community Development Block Grants/Entitlement Grants	14.218	D98993-98	188,808
	14.218	D96183-07	30,352
	14.218	D96189-07	34,501
	14.218	600906-06	58,292
	14.218	601083-08	18,306
	14.218	601088-08	10,000
	14.218	601085-08	10,000
Subtotal - U.S. Department of Housing and Urban Development			<u>2,041,665</u>
U.S. Department of the Interior			
Passed through the State of California Department of Parks and Recreation - Land and Water:			
Outdoor Recreation-Acquisition, Development and Planning	15.916	P835	<u>61,730</u>
Subtotal - U.S. Department of the Interior			<u>61,730</u>
Total federal financial assistance			<u>\$ 8,730,514</u>

* - Major program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

CITY OF CULVER CITY

Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Federal Awards

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Culver City that are reimbursable by agencies providing federal assistance. For the purposes of this schedule, federal financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the agency becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

(c) Subrecipients

During the fiscal year ended June 30, 2009, the City had no subrecipients.

CITY OF CULVER CITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2009

(A) Summary of Auditors' Results

1. An unqualified report was issued by the auditors on the financial statements of the auditee.
2. There were no significant deficiencies or material weaknesses in internal control over financial reporting based upon our audit of the financial statements of the auditee.
3. The audit disclosed no noncompliance which is material to the financial statements of the auditee.
4. There were no material weaknesses in internal control over the major programs of the auditee.
5. An unqualified report was issued by the auditors on compliance for its major programs.
6. The audit disclosed no audit findings required by the auditors to be reported under paragraph .510(a) of OMB Circular A-133.
7. The major programs of the auditee were the U.S. Department Transportation – Urban Mass Transportation Capital and Operating Assistance Formula Grants, CFDA No 20.507 and the U.S. Department of Homeland Security – Federal Emergency Management Agency, CFDA No 97.036.
8. The dollar threshold used to distinguish Type A and Type B programs was \$300,000.
9. The auditee did not meet the criteria of OMB Circular A-133 to be classified as a low risk auditee for the year ended June 30, 2009 for the purpose of determining major programs.

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

There are no auditor's findings to be reported in accordance with GAGAS.

(C) Findings and Questioned Costs for Federal Awards as Defined in Paragraph .510(a) of OMB Circular A-133

There are no auditor's findings to be reported in accordance with paragraph .510(a) at OMB Circular A-133.

CITY OF CULVER CITY

Summary Schedule of Prior Audit Findings

Year ended June 30, 2009

(08-1) Purchasing Controls

The Purchasing Officer has the ability to set up new vendors, has the ability to create and approve purchase orders, and approves all invoices initiated by the Purchasing Department. This combination of key accounting duties creates a potential for fictitious vendor fraud.

Status

This issue has been resolved.